

IRS News Release

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TREASURY, IRS ISSUE PENSION PROTECTION ACT GUIDANCE

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WASHINGTON — The Treasury Department and the Internal Revenue Service (IRS) today issued a notice providing guidance on the corporate bond yield curve and associated segment rates that will be used under the enhanced pension funding rules enacted by the Pension Protection Act of 2006 (PPA).

Under PPA, Treasury was required to produce a yield curve and simplified segment rates for investment-quality corporate bonds that are in the top three quality levels for use by private pension plans in determining their funding obligations and the amounts of lump-sum payments to retirees. IRS Notice 2007-81 outlines the methodology used by Treasury in producing the yield curve.

The Notice also provides the full yield curve and various segment rates for August 2007 together with the 23 months of historical segment rates extending back to September of 2005. In addition, each month IRS will publish a standard notice containing updated monthly yields along with the additional rates required under the provisions of PPA.

The initial yield curve, as well as monthly updates will also be posted on the IRS's website. Notice 2007-81 is attached.